

July 11, 2002

LEGAL NOTICE

The Montana Department of Environmental Quality (DEQ) has completed a bond review for Stansbury Holdings Corporation's Sweetwater Garnet Inc.'s Sweetwater Garnet Mill as set forth in Section 82-4-338, MCA, of the Montana Metal Mine Reclamation Act. The Sweetwater Garnet Mill is permitted under Operating Permit No. 00158 from DEQ.

Operating Permit 00158 was issued to Sweetwater Garnet Inc. in 1995 for an open pit garnet mine and mill. The garnet mine is on private leased lands in Sections 17, 20, and 21, Township 8 South, Range 6 West, 20 miles southeast of Dillon, MT in the Sweetwater Creek drainage in Madison County. The mill is located 7 miles south of Dillon on private lands owned by the company in Section 9, Township 8 South, Range 9 West in Beaverhead County.

Total permitted disturbance at the mine is 42.1 acres. Total permitted disturbance at the mill is 2.0 acres. DEQ has determined as part of the bond review process that a bond is required to guarantee reclamation of the 2 acres of permitted disturbance at the Dillon mill site. The current reclamation bond held on the mine property is \$68,000. No bond is currently held on the mill site. The agencies have calculated a final bond determination of \$21,000 for the mill site. A copy of the bond calculations that form the basis for the proposed interim bond determination can be obtained by contacting the Montana Department of Environmental Quality, Environmental Management Bureau, P. O. Box 200901, 1520 E. Sixth Ave., Helena, MT 59620-0901, or by calling Patrick Plantenberg at (406) 444-4960.

DEQ published the proposed interim bond determination in the Dillon Tribune on June 5, 2002 asking for company and public comments. No comments were received.

Sweetwater Garnet, Inc. and any person with an interest that may be adversely affected by the final bond determination may request a contested case hearing before the Board of Environmental Review (the Board). Unless a hearing is requested, Sweetwater Garnet, Inc. is required to post bond within 30 days of the publication of the final bond determination. If Sweetwater Garnet, Inc. demonstrates that,

through the exercise of reasonable diligence, it will not be able to post the bond within 30 days, DEQ is required to grant a 30-day extension of the deadline.

A request for a hearing must specify the amount of bond increase, if any, that Sweetwater Garnet, Inc. considers appropriate and state the reasons that it considers DEQ's final bond determination excessive. As a condition precedent to any right to request a hearing, Sweetwater Garnet, Inc. would be required to post bond with the agencies in the amount of the bond increase that it has stated is appropriate in the request for hearing or the amount that is one-half of the increase contained in the agencies' final bond determination, whichever amount is greater. The hearing would be conducted before the Board. If the Board determines that additional bond is necessary, Sweetwater Garnet, Inc. would be required to post bond in the amount determined by the Board within 30 days of receipt of the Board's decision. DEQ may grant a reasonable extension of the deadline if Sweetwater Garnet Inc. demonstrates that, through the exercise of reasonable diligence it would not be able to post the bond within 30 days.

If Sweetwater Garnet Inc. fails to post bond, the operating permit is suspended by operation of law and Sweetwater Garnet Inc. would be required to immediately cease operations until the bond is posted and approved by DEQ.